

Annual Report to the Twenty-Third Legislature
Regular Session of 2006

GEOHERMAL ROYALTIES
AND
GEOHERMAL AND CABLE DEVELOPMENT ACTIVITIES



Prepared by the
Department of Land and Natural Resources
State of Hawaii
in response to
Sections 182-18 and 196D-11, Hawaii Revised Statutes

November 2005

Fiscal Year 2004-2005
Annual Report on Geothermal Royalty Dispositions
and Status of Geothermal and Cable System Development

This annual report is prepared pursuant to Sections 182-18 and 196D-11, Hawaii Revised Statutes, and covers the period July 1, 2004 through June 30, 2005.

Section 182-18, Hawaii Revised Statutes
Geothermal Royalties

In Fiscal Year 2004-2005, a total of \$969,980 in geothermal royalties was received from Puna Geothermal Venture (PGV). In accordance with statutory provisions, \$290,994 (30%) and \$193,996 (20%) were distributed to the County of Hawaii and the Office of Hawaiian Affairs, respectively. Geothermal Royalties for Fiscal Year 2004-2005 were based on power production and sale of 212,060 total megawatts to Hawaii Electric Light Company (HELCO) at an annual hourly average production of 24.2 megawatts.

During the fiscal year, PGV began to rework Kapoho State 10 (KS-10) to try to increase the production of the well. After the work-over, the flow capacity of the well increased to 5 megawatts of power production. PGV also began construction of a new well with the start of drilling production well Kapoho State 6 (KS-6). In Fiscal Year 2005-2006, PGV will complete KS-6 and plans to continue drilling operations with new discovery well Kapoho State 13 (KS-13).

Section 196D-11, Hawaii Revised Statutes
Geothermal and Cable System Development

The Department of Land and Natural Resources (DLNR) is responsible for the effective management of geothermal resources and its development, to protect the health and safety of the public and to ensure the continued viability of the resource for the future. The Department of Business, Economic Development and Tourism (DBEDT) has no specific regulatory authority, however, through its planning and coordination of energy programs in the State, facilitates the commercial development of geothermal resources.

Currently, the Island of Hawaii is the only island benefiting from geothermal development. Power generation from geothermal energy began in May 1993 and currently provides more than 20% of the Big Island's power demands.

The Mineral Resources Program within DLNR was abolished in 1995 in response to budget reductions. Statutory, regulatory and resource management responsibilities continue to be performed on an "ad hoc" basis under other Departmental programs within the Engineering Division.

No program work was performed during the past fiscal year to effectuate the intent of this chapter since the Mineral Resources Program was abolished and there is no staff or resources specifically assigned to this task.